CANADIAN MUSEUM FOR HUMAN RIGHTS

QUARTERLY FINANCIAL REPORT

For the three months ended June 30, 2015

(Unaudited)

CANADIAN MUSEUM FOR
HUMAN RIGHTS
MUSÉE CANADIEN POUR LES
DROITS DE LA PERSONNE

Narrative Discussion

This section of the quarterly financial report presents management's narrative discussion of the Canadian Museum for Human Rights' (CMHR) (the Corporation) financial performance during the three months ended June 30, 2015. It must be read in conjunction with the March 31, 2015 Management Discussion and Analysis and Annual Audited Financial Statements.

FINANCIAL RESULTS

A summary of the financial activity for the three months ended June 30, 2015 includes the following:

Overview

During the quarter ended June 30, 2015 the Museum completed the majority of the fit-up work for the temporary gallery on Level one. The fit-up work is tracking on schedule and within budget, with funding provided by the Friends of the Canadian Museum for Human Rights (Friends). Completion of the temporary exhibit space will allow the CMHR to bring travelling exhibits from other institutions which will attract new visitors and encourage repeat visitation to the Museum. A two-part exhibition will open to the public in the newly completed space on August 15 and run through September 18, 2015. The exhibit, "Magna Carta – Law, Liberty and Legacy" is a national travelling exhibition celebrating the 800th anniversary of the great charter that laid the foundation for basic principles of democracy and human rights. . A unique companion exhibit created by the CMHR, called "Canada's Magna Carta: Meanings and Misconceptions", includes some of Canada's most important foundational documents and explores their connection to rights and freedoms, including Indigenous people' rights.

Visitation to the Museum continued to exceed expectations with total visitation for the first quarter of 103,500 – almost 40% of the projected annual visitation of 263,000. Earned revenue exceeded projections by $140,000 largely due to higher admission revenue and revenue from facility rentals and commissions from the restaurant and catering.

The quarter ended with a surplus of revenues over expenses of $1.4 million due in part to the higher earned revenue but also due to carefully managing costs and the timing of

expenses. Appropriations were received in the first quarter for expenses that will be paid in subsequent quarters.

Statement of Financial Position

Total Assets increased $0.5 million from $351.0 million at March 31, 2015 to $351.5 million at June 30, 2015 due to a $2.3 million increase in Cash and restricted cash and a $2.1 million increase in Assets under construction for the fit-up of the temporary gallery, offset by a $3.6 million decrease in Assets available for use due to amortization of the assets in use.

Total Liabilities decreased $0.8 million from March 31, 2015 primarily due to a $2.3 million decrease in accounts payable and a $0.8 million decrease in Deferred contributions related to capital assets offset by a $2.2 million increase in Deferred contributions.

Net assets increased by $1.4 million from March 31, 2015 representing excess of revenue over expenses.

Statement of Operations:

Parliamentary Appropriations

Total Parliamentary appropriations, reported on an accrual basis, are $7.4 million for the three months ended June 30, 2015 (2014 - $6.9 million). The increase is due to a $0.6 million increase in the recognition of deferred contributions for capital assets received in previous periods. For the fiscal year 2015-16, the total voted appropriation is $21.7 million ($21.7 million in 2014-15).

Revenues

Operating revenue for the three months ended June 30, 2015 was $1.1 million and includes revenue from admissions, tours, education programs, boutique sales, facility rentals and commissions on the restaurant and catering sales.

Contributions increased from $1.1 million for the three months ended June 30, 2014 to $1.8 million for the three months ended June 30, 2015. The increase is due to the increase of $0.7 million in the amortization of deferred contributions related to capital

assets received in previous periods from funding partners other than the Government of Canada, (the Province of Manitoba, the City of Winnipeg and the Friends of the CMHR), which are amortized over the same period as the capital asset purchased with the contributions.

Expenses

Total expenses were $8.9 million for the three months ended June 30, 2015, compared to $7.5 million the three months ended June 30, 2014. The increase of $1.4 million is largely due to a $1.3 million increase in amortization due to most of the capital assets being in use for this period. The increase in the expenses due to amortization is exactly offset by the increase in parliamentary appropriations and contributed revenue due to amortizing the contributions received in previous years to fund the capital assets, over the same period as the amortization of the capital assets purchased.

The breakdown by program activity is as follows:

- Permanent building expenses increased by $1.4 million largely due to a $1.3 million increase in the amortization of capital assets.
- Stewardship and corporate management expenses were consistent with the same period in the previous year.
- Museum content and program expenses were also consistent with the same period in previous year however the type of expenses incurred has changed. Given that the Museum was operating in the first quarter of this fiscal year there are now costs related to front-line staff and exhibit maintenance. The increase in these costs is offset by the reduction in exhibit development, one-time opening event and operational readiness costs that were incurred in the previous year.

For the three months ended June 30, 2015 the Corporation finished the quarter in a positive operating position of $1.4 million.

Statement of Cash Flows

Cash increased by $2.4 million in the three months ended June 30, 2015 primarily due to $3.5 million in restricted funds received from Friends of CMHR and $2.5 million cash from operating activities offset by $3.7 million used for capital activities. This is compared to the increase in cash of $5.7 million in the three months ended June 30,

2014 primarily due to $12.0 million in restricted funds received from Friends of CMHR and $2.7 million cash from operating activities offset by $9.2 million used for capital activities.

RISK ANALYSIS & OUTLOOK

The Museum employs a continually updated risk-management framework to identify, evaluate and mitigate all factors that pose a substantive threat to its ongoing operations or long term success. A facilitated risk evaluation is being completed that will ensure the organization can appropriately manage and respond to identified risks through its first five years of full time operations.

In 2015-2016, the Minister of Canadian Heritage will return to Cabinet for approval of CMHR's future parliamentary appropriations in order to base the request on actual operational results. The Museum will establish benchmarks for revenues and expenses during 2015-16, its first full year of operations, and will work closely with its partners, the Government of Canada and the Friends of CMHR to assess its long-term funding requirements including Payments in Lieu of Taxes (PILT) and the capital replacement needs as a digitally based museum.

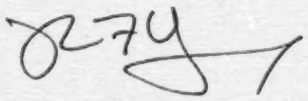
The work of our organization is made possible in part through financial support of the Government of Canada. The support of the philanthropic sector is also important to the Museum and the ongoing partnership between the Museum and Friends will continue to be critical.

Canadian Museum for Human Rights
Quarterly Financial Report
(Unaudited)
For the three months ended June 30, 2015

STATEMENT OF MANAGEMENT RESPONSIBILTY BY SENIOR OFFICIALS

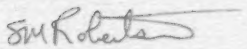
Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations, and for such internal controls as management determines is necessary to enable the preparation of quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the quarterly financial statements.

Based on our knowledge, these unaudited quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation, as at the date of and for the periods presented in the quarterly financial statements.



John Young, President & Chief Executive Officer

Winnipeg, Canada
August 26, 2015



Susanne Robertson, Chief Financial Officer

Winnipeg, Canada
August 26, 2015

Quarterly Financial Statements of

CANADIAN MUSEUM FOR HUMAN RIGHTS

Three months ended June 30, 2015

(Unaudited)

CANADIAN MUSEUM FOR
HUMAN RIGHTS

MUSÉE CANADIEN POUR LES
DROITS DE LA PERSONNE

Canadian Museum for Human Rights

Statement of Financial Position

(Unaudited)

(In thousands of dollars)

As at	June 30, 2015	March 31, 2015
Assets		
Current assets:		
Cash and restricted cash (note 3)	$ 12,178	$ 9,866
Accounts receivable	548	1,014
Inventories	124	123
Prepaid expenses	484	432
Holdback account (note 4)	173	79
	13,507	11,514
Collections (note 5)	1	1
Capital assets (note 6):		
Assets available for use	335,344	338,865
Assets under construction	2,675	586
Total Assets	**$ 351,527**	**$ 350,966**
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 7,598	$ 9,900
Holdback payable (note 4)	173	79
Deferred revenues	24	27
	7,795	10,006
Deferred contributions (note 7)	3,232	980
Deferred contributions related to capital assets (note 8)	331,665	332,510
Total Liabilities	342,692	343,496
Net assets:		
Unrestricted	3,860	2,493
Invested in capital assets (note 9)	4,979	4,979
Accumulated remeasurement losses	(4)	(2)
	8,835	7,470
Total Liabilities and Net Assets	**$ 351,527**	**$ 350,966**

Contractual obligations and Contingent liabilities (notes 12 and 13)

The accompanying notes and schedules form an integral part of the quarterly financial statements.

Canadian Museum for Human Rights

Statement of Operations

(Unaudited)

(In thousands of dollars)

Three months ended June 30,	2015	2014
Revenue (Schedule 1):		
Operating	$ 1,052	$ -
Contributions	1,783	1,076
Other income	64	70
Total revenue	2,899	1,146
Expenses (Schedule 2):		
Museum content and program	2,503	2,491
Permanent building	4,916	3,470
Stewardship and corporate management	1,478	1,572
Total expenses	8,897	7,533
Excess of expenses over revenue before Parliamentary appropriations	(5,998)	(6,387)
Parliamentary appropriations (note 10)	7,365	6,940
Excess of revenue over expenses	**$ 1,367**	**$ 553**

The accompanying notes and schedules form an integral part of the quarterly financial statements.

Statement of Remeasurement (Losses) Gains

(Unaudited)

(In thousands of dollars)

Three months ended June 30,	2015	2014
Accumulated remeasurement (losses) gains, beginning of period	$ (2)	$ 156
Unrealized losses attributable to:		
Foreign exchange	(2)	(24)
Amount reclassified to the Statement of Operations:		
Foreign exchange loss	-	(13)
Net remeasurement loss for the period	(2)	(37)
Accumulated remeasurement (losses) gains, end of period	**$ (4)**	**$ 119**

The accompanying notes and schedules form an integral part of the quarterly financial statements.

Canadian Museum for Human Rights

Statement of Changes in Net Assets

(Unaudited)

(In thousands of dollars)

Three months ended June 30,	Unrestricted	Invested in capital assets	Accumulated remeasure-ment losses	2015	2014
Net Assets, beginning of period	$ 2,493	$ 4,979	$ (2)	$ 7,470	$ 9,739
Excess of revenue over expenses	1,367	-	-	1,367	553
Net change in accumulated remeasurement losses	-	-	(2)	(2)	(37)
Net Assets, end of period	**$ 3,860**	**$ 4,979**	**$ (4)**	**$ 8,835**	**$ 10,255**

The accompanying notes form an integral part of the quarterly financial statements.

Canadian Museum for Human Rights

Statement of Cash Flows

(Unaudited)

(In thousands of dollars)

Three months ended June 30,	2015	2014
Operating activities:		
Cash receipts (customers)	$ 838	$ -
Cash receipts (Parliamentary appropriations)	7,415	7,371
Cash receipts (other income)	4	69
Cash payments to and on behalf of employees	(2,959)	(2,233)
Cash payments to suppliers	(2,822)	(2,504)
Interest received	23	-
	2,499	2,703
Capital activities:		
Payments for acquisition of assets under construction	(2,089)	(5,943)
Payments for acquisition of assets available for use	(1,641)	(3,207)
	(3,730)	(9,150)
Investing activities:		
Revaluation of US currency	-	(34)
	-	(34)
Financing activities:		
Parliamentary appropriation for the acquisition of capital assets available for use	130	133
Government of Canada funding for assets under construction	-	41
Contributions from non-government sources for assets under construction	3,508	12,000
	3,638	12,174
Increase in cash	2,407	5,693
Cash, beginning of period		
Cash and restricted cash	9,865	17,922
Holdback account	79	1,558
	9,944	19,480
Cash, end of period		
Cash and restricted cash	12,178	24,173
Holdback account	173	1,000
	$ 12,351	$ 25,173

The accompanying notes and schedules form an integral part of the quarterly financial statements.

1 (a). Authority and mandate:

The Canadian Museum for Human Rights (the "Corporation") was established through amendments to the *Museums Act* on August 10, 2008 and is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*. The Corporation is not subject to income tax under the provisions of the *Income Tax Act*.

The Corporation is the first national museum established outside of the National Capital Region and the first to be constructed with funding received from the Government of Canada as well as other levels of government. The Province of Manitoba, the City of Winnipeg, and the Friends of the Canadian Museum for Human Rights (CMHR), (representing mostly private sector donors) also funded the Capital Project (building and exhibits). A Definitive Agreement, setting forth the terms, provisions and conditions for the parties' undertakings, including the transfer of land, was signed by all parties on February 1, 2008. The Canadian Museum for Human Rights reports to Parliament through the Minister of Canadian Heritage and Official Languages.

The mandate, as stated in the amendments to the *Museums Act*, is as follows:

> *"to explore the subject of human rights, with special but not exclusive reference to Canada, in order to enhance the public's understanding of human rights, to promote respect for others and to encourage reflection and dialogue."*

1 (b). Operations:

The operations of the Corporation are divided into three mutually supportive activities which work together to meet all aspects of its mandate. These activities and their respective descriptions are:

Museum Content and Program:
That the Museum's content and programming is objective, innovative and accessible and affects the way people think and behave towards the rights of others, and that it is developed through ongoing community engagement.

Permanent Building:
That the Corporation provides a secure and functional facility that meets or exceeds all safety and building code requirements and is easily accessible to the public. That all aspects of the Building Construction Project are managed in a fiscally sound, transparent and accountable manner, ensuring environmental stewardship and employing effective project and risk-management practices throughout.

Stewardship and Corporate Management:
That the Museum adopts sound and efficient governance and stewardship practices that facilitate the alignment of resources with priorities and full accountability and transparency to Canadians for results; the Museum recruits and retains the necessary human resources both for the start-up and the longer-term; and the Museum supports the Friends of the CMHR's fundraising campaign to assist with capital costs in the short term and to support programming and other activities within the Museum in the long-term.

2. Significant accounting policies:

The quarterly financial statements have been prepared in accordance with the 4200 series of the Canadian Public Sector Accounting Standards (PSAS) for government not-for-profit organizations. The same accounting policies and methods of computation are followed in the quarterly financial statements as compared to the March 31, 2015 Annual Audited Financial Statements.

3. Cash and restricted cash:

Restricted cash consists of cash held in the Corporation's separate bank account and is restricted for use in the Capital Project and arise from contributions received from non-government entities, assistance from other governments and Parliamentary appropriations.

	June 30, 2015		March 31, 2015	
	Cost	Fair value	Cost	Fair value
Operating cash	$ 10,377	$ 10,377	$ 8,537	$ 8,537
Restricted cash	1,801	1,801	1,329	1,329
	$ 12,178	$ 12,178	$ 9,866	$ 9,866

The change in restricted cash is comprised of the following:

Three months ended	June 30, 2015
Balance, beginning of period	$ 1,329
Add contributions received during the period	3,630
Add deferred interest income	8
Less amounts used to purchase capital assets	(3,166)
Balance, end of period	$ 1,801

4. Holdback account and holdback payable:

	June 30, 2015	March 31, 2015
Balance, beginning of period	$ 79	$ 1,558
Additions for the period	139	649
Holdback paid during period	(45)	(2,128)
Balance, end of period	$ 173	$ 79

In accordance with the construction contract for the Museum building and the *Builder's Lien Act* of Manitoba, the Corporation is required to holdback 7.5% of progress billings. These amounts are restricted in nature and recorded as an asset and liability. The restricted funds are paid out upon certified completion of the subcontracts in accordance with the *Builder's Lien Act* of Manitoba. The total holdback cash account balance and related liability at June 30, 2015 was $0.2 million (March 31, 2015 - $0.1 million), of which $0.2 million (March 31, 2015 - $0.1 million) is current. As of June 30, 2015 the holdback relates to the fit-up of the temporary exhibition gallery and earned interest on the holdback cash account.

5. Collections:

The Corporation maintains three separate, but related collections that support Museum activities and programs in fulfillment of the CMHR mandate, as noted below:

- Permanent collection - archives, artifacts and artworks,
- Library collection - bilingual published materials including electronic publications and
- Working collection - materials constructed or purchased for public programming or exhibits and may be deemed expendable.

Only acquisitions designated as part of the Permanent collection meet the accounting requirements of a Collection as defined in PSAS. Objects purchased for the collection are recorded as an expense in the year of acquisition. Objects received as a donation are recorded as an expense along with the offsetting donation revenue in the year of acquisition.

Acquisitions designated as part of the Library or Working collection are subject to regular capitalization or expense accounting rules based on the Corporation's established capitalization threshold level.

During the quarter ended June 30, 3015, the Corporation acquired $1 thousand worth of artifacts for the Permanent collection which were expensed.

The Corporation did not record any revenues for the period ended June 30, 2015 related to sales of Permanent collection items.

6. Capital assets:

	Cost March 31, 2015	Additions	Disposals	Cost June 30, 2015
Land	$ 4,979	$ -	$ -	$ 4,979
Building				
Base	238,101	24	-	238,125
Mechanical and electrical	48,506	-	-	48,506
Exhibits	48,659	97	-	48,756
Computer equipment, hardware and software	6,482	89	-	6,571
Building improvements	4,494	3	-	4,497
Furniture and equipment	1,727	12	-	1,739
Website development	979	27	-	1,006
Enterprise program development	842	42	-	884
Films	97	1	-	98
Sub-total – Assets available for use	354,866	295	-	355,161
Assets under construction	586	2,089	-	2,675
	$ 355,452	$ 2,384	$ -	$ 357,836

	Accumulated amortization March 31, 2015	Amortization expense	Disposals	Accumulated amortization June 30, 2015
Land	$ -	$ -	$ -	$ -
Building				
Base	7,302	1,488	-	8,790
Mechanical and electrical	2,988	606	-	3,594
Exhibits	1,482	1,018	-	2,500
Computer equipment, hardware and software	3,535	479	-	4,014
Building improvements	126	80	-	206
Furniture and equipment	329	46	-	375
Website development	135	44	-	179
Enterprise program development	73	43	-	116
Films	31	12	-	43
Sub-total – Assets available for use	16,001	3,816	-	19,817
Assets under construction	-	-	-	-
	$ 16,001	$ 3,816	$ -	$ 19,817

	Net book value March 31, 2015	Net book value June 30, 2015
Land	$ 4,979	$ 4,979
Building		
Base	230,799	229,335
Mechanical and electrical	45,518	44,912
Exhibits	47,177	46,256
Computer equipment, hardware and software	2,947	2,557
Building improvements	4,368	4,291
Furniture and equipment	1,398	1,364
Website development	844	827
Enterprise program development	769	768
Films	66	55
Sub-total – Assets available for use	338,865	335,344
Assets under construction	586	2,675
	$ 339,451	$ 338,019

On April 15, 2009, the Corporation acquired land for the Museum project from the City of Winnipeg and The Forks Renewal Corporation. The ownership of land reverts back to the City of Winnipeg and The Forks Renewal Corporation should the land no longer be used for the purposes of the Museum, or such other purposes as approved by the previous owners. The Corporation's Management estimated that the Museum's river-front parcel should be valued at $4.9 million plus related legal costs based on the information provided by an independent market evaluation.

The amortization expense for the three months ended June 30, 2015 is $3.8 million (2014 - $2.5 million).

Assets under construction represent costs incurred for the development and construction of the fit-up of the temporary exhibition gallery.

7. Deferred contributions:

Deferred contributions recorded by the Corporation are as follows:

	June 30, 2015	March 31, 2015
Deferred contributions restricted for the purchase of capital assets	$ 3,232	$ 980

Changes in the deferred contributions balance during the period were as follows:

Three months ended	June 30, 2015
Balance, beginning of period	$ 980
Additions:	
Parliamentary appropriations (capital)	130
Parliamentary appropriations (operating) received in advance	2,120
Non-government sources	3,002
Deferred interest income	8
	5,260
Deductions:	
Amounts transferred to deferred contributions related to capital assets	(2,971)
Amounts recognized as revenue	(37)
	(3,008)
Balance, end of period	$ 3,232

8. Deferred contributions related to capital assets:

Changes in the deferred contributions related to capital assets are composed of:

Three months ended	June 30, 2015
Balance, beginning of period	$ 332,510
Amounts transferred from deferred contributions	2,971
Amortization of deferred contributions related to capital assets available for use	(3,816)
Balance, end of period	$ 331,665

9. Net assets invested in capital assets:

The net investment in capital assets consists of the land donated by the City of Winnipeg and The Forks Renewal Corporation as follows:

	June 30, 2015	March 31, 2015
Capital assets	$ 338,019	$ 339,451
Less amounts financed by deferred contributions related to capital assets	(331,665)	(332,510)
Less amounts to be financed by deferred contributions	(1,375)	(1,962)
	$ 4,979	$ 4,979

10. Parliamentary appropriations:

Three months ended	June 30, 2015	June 30, 2014
Main estimates amount provided for operating and capital expenditures	$ 7,415	$ 7,325
Less current period Parliamentary appropriations not recognized as revenue:		
Operating contribution received in advance	(2,120)	(1,900)
Amounts used to purchase capital assets	-	(137)
Add prior year Parliamentary appropriations recognized as revenue in the current period:		
Amortization of deferred contributions related to capital assets available for use	2,054	1,421
Restricted amounts used in current period for items expensed for accounting purposes	16	231
	$ 7,365	$ 6,940

11. Allocation of expenses:

Corporate communication, general support services and information technology department expenses of $1.0 million (2014 - $1.1 million) have been allocated as follows:

Three months ended June 30,	2015	2014
Museum content and program	$ 558	$ 614
Stewardship and corporate management	314	383
Permanent building	92	80
	$ 964	$ 1,077

12. Contractual obligations:

The Corporation has not entered into any significant long-term contracts in addition to the commitments as at March 31, 2015.

13. Contingent liabilities:

A statement of claim related to the base building construction has been filed by a sub-trade against the Construction Manager for an amount higher than has been accrued in the financial statements. A reasonable estimate of any additional liability cannot be made at this time.

14. Comparative figures:

Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.

Schedule 1 – Schedule of Revenues

Operating Revenues

Three months ended June 30,	2015	2014
Admissions and Programs		
General Admission	$ 428	$ -
Memberships	48	-
Public Program	42	-
Education Program	53	-
Retail Boutique Sales	149	-
Facility Rental	253	-
Restaurant and catering	79	-
Total	$ 1,052	$ -

The Museum opened September 20, 2014 therefore there are no comparative operating revenues.

Contributions

Three months ended June 30,	2015	2014
Revenue related to the amortization of deferred contributions from other donors	$ 1,762	$ 1,076
Restricted amounts from other donors used in current period for items expensed for accounting purposes	21	-
Total	$ 1,783	$ 1,076

Amortization of deferred contributions from other donors commenced when the building was put into use in January, 2014 and when exhibits and public areas were fully opened in November, 2014.

Other income

Three months ended June 30,	2015	2014
In kind donations	$ 41	$ 8
Interest revenue	23	27
Miscellaneous	-	35
Total	$ 64	$ 70

Schedule 2 – Schedule of Expenses

Three months ended June 30,		2015		2014
Amortization of capital assets	$	3,816	$	2,479
Personnel costs		3,038		2,491
Building operations		388		325
Information management infrastructure and systems		300		511
Protection Services		200		110
Marketing and promotion		193		166
Exhibits maintenance		164		25
Exhibits and programming development		146		281
Utilities		137		90
Office supplies and administration		127		138
Property taxes [1]		124		200
Professional and special services		110		407
Travel		81		75
Cost of goods sold		73		9
Inaugural opening event & broadcast		-		202
Collection acquisitions		-		24
Total expenses	$	8,897	$	7,533

[1] As a Crown Corporation, the Museum falls under the *Payments in Lieu of Taxes Act* which governs the payment of property taxes. An allowance for property taxes on land and building has been made based on the amounts paid by Public Works and Government Services Canada (PWGSC) on the Museum's behalf and based on the advice of the Dispute Advisory Board on the land valuation. The final assessment amount is being negotiated between the City of Winnipeg and PWGSC and, when finalized, could result in a property tax amount which is higher than the amount recorded above.